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Agency of Agriculture

October 24, 2005

Undersecretary Thomas Dorr
USDA Rural Development
Room 206-W STOP 0107
1400 Independence Ave SW
Washington, DC 20250-0747

Dear Undersecretary Dorr,

Thank you for this opportunity to address key issues facing Vermont agriculture. Below are summaries of the issues and recommendations for changes, as appropriate.

Dairy

Vermont's dairy industry is at a critical crossroad. The Vermont Agency of Agriculture and dairy industry leaders have begun to analyze trends in milk production, milk processing capacity and anticipated growth in milk processing. Recently surveyed dairy manufacturers indicate anticipated growth of 30% to 100% in the next five years while milk and milk components are in tight supply in this region. So far, it is apparent that to meet the state's current processors' needs, milk production will have to rise. While the balance between milk production and processing appears straightforward, the federal milk order and separation of milk into components creates a complex system. Further complicating the issue is decreasing production in Southeastern United States and volatile milk pricing. Maintaining the MILC program, or other countercyclical price support programs, combined with producer-financed supply management programs, is key to keeping both production and price at effective levels.

Farm Business Development

As increasing environmental and international pressures are placed on US farmers it is essential to provide a rigorous business approach to farm-by-farm technical assistance programs. The Agency of Agriculture, Food and Markets has partnered with the Vermont Housing and Conservation Board to develop a comprehensive business planning process. Goals of the program include: farm business plans to accomplish economic and personal goals of participating farmers; increase the number and professional abilities of technical assistance providers; recruitment, retention and development of value added food businesses; increased value-added food revenue; increased farm gate revenue; and increased economic value of "Vermont Brand". Success of this initiative is essential as Vermont positions itself to address the obesity epidemic facing our nation.



Obesity / nutrition

Overweight and obesity have reached epidemic levels in the United States, becoming one of today's major public health problems. Vermont is experiencing its share of the epidemic. In 2003, over half of adult Vermonters 18 years and older were overweight or obese and 11 percent of Vermont youth were overweight. The health consequences of obesity are many and include premature death, disability, cardiovascular disease, diabetes, arthritis, and other chronic conditions.

In 2005, 76% of students in grades 8-12 did not meet the recommended 5 or more servings of fruits and vegetables per day. In 2003, 68% of adults did not consume the recommended 5 or more fruits and vegetables per day. In Vermont, we are emphasizing increased consumption of local fruits and vegetables to improve health and increase farm income for many family farms. Funding for product and market development that create the necessary access for consumers of nutritious food will assist our next generation in making healthy choices.

Premises ID

Premises registration is a first step to the National Animal Identification System. While premises registration is currently voluntary, it should become mandatory. Requiring premises registration and identification is necessary to ensure the success of this much needed program. Recent disease outbreaks have shown how poorly we are able to trace animals back to farms of origin, needlessly resulting in wasted time, lost animals, and eroded consumer confidence. Premises registration also is in line with "farm of origin," "farm to plate," and Vermont verifiable initiatives that are in the planning stages. Without a premises registration system in place, these programs and concepts will be challenged to succeed.

Meat Inspection and Interstate Shipment of Meat

USDA's Food Safety and Inspection Service (FSIS) certifies that each state inspection program is "equal to" federal inspection requirements. In spite of scrutiny that is, in fact, more frequent and stringent than the internal federal audits of FSIS, interstate shipment of state-inspected meat is prohibited. Removing the prohibition of interstate shipment of State Inspected meat products would level the economic playing field for small businesses and help small meat processors grow and expand into new markets. Current law places small meat processors at a competitive disadvantage. Foreign-produced meat and poultry products can be freely shipped and sold anywhere in the U.S.—giving them greater market access than U.S. state-inspected processors while hard-working, small business owners in this country are denied the same opportunity. This is unfair. Lifting restrictions on interstate meat shipment will open markets for livestock farmers and ranchers. This will create jobs and stimulate the rural economy. The current ban on interstate

shipment does not apply to "non-amenable" meats such as venison, buffalo, pheasant, and rabbit. It does not make sense to allow these products across state borders while beef, pork, and lamb cannot be shipped interstate.

Environment

Increasing environmental regulations and requirements for livestock farms will generate new costs for these operations. Challenges primarily concern water and air quality but odors, pathogens and insect pressures are increasingly of concern. While public dollars are being invested in solutions on farms, significant capital is required of farmers as well. Research and development of new technologies that solve these environmental problems and create revenue is a good investment in agriculture's future. Innovation is critical to any industry to remain competitive and agriculture is no different.

Funding Mechanisms and Interagency Coordination

The Agency of Agriculture, Food and Markets works closely with USDA on air and water quality issues. The new Farm Bill needs to encourage states and USDA to share information about farm situations which need assistance in order to solve air and water management issues. Vermont currently has a Best Management Practice cost share program which helps farmers build structures on their farms and a Nutrient Management Practice program which provides financial assistance so farmers can develop nutrient management plans for the protection of water quality. Because of Freedom of Information Act requirements in the current Farm Bill, many times USDA is prohibited from sharing information necessary to implement a state/federal program of cost assistance to farmers. The current Farm Bill treats state agencies as if they were the general public and does not provide a mechanism for state and federal agencies to share information and solve problems.

Revisions to the new Farm Bill should create an exemption for state agencies trying to provide technical and financial assistance to farms in conjunction with USDA so both branches of government can be assured that state and federal dollars are being effectively applied to air and water quality problems.

In addition, the Farm Bill needs to recognize states that are appropriating state dollars to solve the same kinds of issues USDA is addressing. Possible solutions include increasing the federal appropriations and reducing the paperwork requirements for state and federal collaboration.

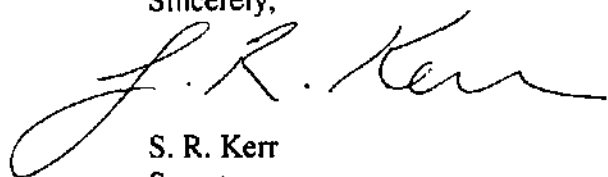
In states that fund USDA programs entirely with federal dollars, national priorities should be the basis for determining which farms are eligible to receive financial assistance. In states where

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USDA programs are utilizing state dollars to help provide technical and financial assistance, the Farm Bill needs to grant the programs more flexibility to mesh state and federal priorities.

Thank you again for your attention to matters critical to agriculture in Vermont and the Northeast.

Sincerely,

A handwritten signature in cursive script, appearing to read "S. R. Kerr". The signature is fluid and extends to the right.

S. R. Kerr
Secretary